

No. 11/ 8 /DPM

Jakarta, March 27, 2009

CIRCULAR LETTER

To

**ALL SHARIA COMMERCIAL BANKS, SHARIA BUSINESS UNITS AND
BROKERS OF RUPIAH MONEY MARKET AND FOREIGN EXCHANGE
TRADERS IN INDONESIA**

Subject : Procedures for Bank Indonesia Syariah's Deposit Facility (FASBIS)
Transactions

In relation to the application of Bank Indonesia Regulation Number 10/36/PBI/2008 dated December 10, 2008 regarding Sharia Monetary Operation (State Gazette of the Republic of Indonesia Year 2008 Number 197, Supplement to the State Gazette of the Republic of Indonesia Number 4944), it is necessary to stipulate the provisions on the procedures of Bank Indonesia Syariah's Deposit Facility (FASBIS) transactions in a Circular Letter of Bank Indonesia, as follows:

I. GENERAL PROVISIONS

In this Circular Letter, referred to as:

1. Bank shall be Sharia Commercial Bank and Sharia Business Unit.
2. Sharia Commercial Bank shall be Sharia Commercial Bank as intended in Law Number 21 Year 2008 regarding Sharia Banking.
3. Sharia Business Unit shall be Sharia Business Unit as intended in Law Number 21 Year 2008 regarding Sharia Banking.

4. Sharia Monetary Operation, hereinafter referred to as OMS, shall be the implementation of monetary policies by Bank Indonesia in the context of monetary control through open market operation activities and provision of standing facilities based on sharia principles.
5. Sharia Standing Facilities shall be the facilities provided by Bank Indonesia to Banks in the context of OMS.
6. Bank Indonesia Syariah's Deposit Facility in rupiah, hereinafter referred to as FASBIS, shall be the deposit facility provided by Bank Indonesia to Banks to place their funds with Bank Indonesia in the context of Sharia standing facilities.
7. Clearing Account shall be the clearing account owned by a Bank in rupiah denomination with Bank Indonesia.
8. The Bank Indonesia-Real Time Gross Settlement system, hereinafter referred to as BI-RTGS system shall be an electronic fund transfer system among the participants in rupiah denomination as intended in the provisions of Bank Indonesia regulating the BI-RTGS system.
9. Bank Indonesia-Scripless Securities Settlement System, hereinafter referred to as BI-SSSS shall be a transaction facility with Bank Indonesia including its administration and the electronic administration of securities as referred to the provisions of Bank Indonesia regulating BI-SSSS.
10. Fund Settlement shall be the transfer of funds among the owners of clearing accounts in rupiah denomination in Bank Indonesia through the BI-RTGS system in the context of implementing the FASBIS settlement.
11. Broker shall be a broker company in rupiah money market and foreign exchange which has obtained the permit from Bank Indonesia as intended in the provisions of Bank Indonesia regulating rupiah money market and foreign exchange brokers.

12. The Commercial Bank Daily Report System, hereinafter referred to as LHBUS system, shall be the Bank's reporting facility to Bank Indonesia on a daily basis, including the provision of information on money market and announcements from Bank Indonesia.

II. GENERAL REQUIREMENTS

1. FASBIS shall use the *akad wadiah* (depository).
2. The maximum period of FASBIS shall be 14 (fourteen) calendar days as from the transaction completion date up to the maturity date.
3. In the event that the maturity date of a FASBIS transaction falls on a holiday, then the intended maturity date of the FASBIS transaction shall be determined to be the date of the next business day.
4. Bank Indonesia may give a compensation for the placement of Bank funds in FASBIS.
5. In the event that Bank Indonesia gives the FASBIS compensation as intended in point 4, then the compensation shall be given when the FASBIS falls due with the following calculation:

$$\text{FASBIS Compensation} = \frac{\text{FASBIS Nominal Value}}{\text{FASBIS Period}} \times \frac{\text{FASBIS Period}}{360} \times \text{level of FASBIS compensation}$$

6. FASBIS cannot be traded, mortgaged and cannot be cashed before its maturity date.
7. Bank Indonesia shall open the FASBIS *window time* by announcing it through BI-SSSS, LHBUS system and/or other facilities stipulated by Bank Indonesia.
8. Bank Indonesia may change the FASBIS window time announce such change through BI-SSSS, LHBUS system and/or other facilities stipulated by Bank Indonesia, by no later than before the FASBIS window time is opened (T+0).
9. Bank Indonesia may close FASBIS window time and announce the closing through BI-SSSS, LHBUS system and/or other facilities

stipulated by Bank Indonesia, by no later than 1 (one) business day before the aforementioned window time closing (T-1).

10. Participants in FASBIS transactions are differentiated into:
 - a. Direct participants, namely Banks and Brokers applying for FASBIS transactions directly to Bank Indonesia.
 - b. Indirect participants, namely Banks applying for FASBIS transaction offerings to Bank Indonesia through Brokers.
11. Banks may only apply for FASBIS transaction offering for their own interest.
12. Brokers are prohibited from applying for FASBIS transaction for their own interest.
13. FASBIS transaction participants shall be responsible for the truth of data of FASBIS transaction offerings applied for.
14. Banks may only apply for a FASBIS transaction if not being imposed with the sanction of temporary suspension to participate in OMS activities.
15. Bank Indonesia shall only receive FASBIS transaction application from direct participants based on the data of FASBIS transaction offering.
16. Bank Indonesia shall conduct the FASBIS transaction Fund Settlement on the day of transaction (*same day settlement*).
17. Banks shall be obligated to provide funds in the amount of FASBIS transaction received in the Clearing Account up to the cut-off warning of BI-RTGS system.

III. APPLICATION FOR FASBIS TRANSACTION OFFERING

1. Bank Indonesia *cq.* Directorate for Monetary Management – Monetary Operation Bureau (BI *cq.* DPM-BOpM) shall announce the provision of FASBIS covering, among other things, the period, window time and settlement fund by no later than before FASBIS

window time is opened (T+0) through BI-SSSS, LHBUS System and/or other facilities stipulated by Bank Indonesia.

2. Direct participants shall apply for FASBIS transaction through BI-SSSS by including the FASBIS quantity offering to BI *cq.* DPM-BOPM.
3. FASBIS transaction window time shall be stipulated from 04.00 West Indonesia Time (WIB) up to 05.00 WIB on every business day.
4. Bank Indonesia shall stipulate and announce the method of application and FASBIS transaction and the FASBIS transaction window time as intended in point 3 through BI-SSSS, LHBUS System and/or other facilities stipulated by Bank Indonesia.
5. The procedures for the application of FASBIS transaction through BI-SSSS as intended in point 3 shall follow the provisions regulating BI-SSSS.
6. FASBIS transaction quantity offering shall be applied for in a minimum amount of Rp.1,000,000,000.00 (one billion rupiah) or in greater amounts as the multiples of Rp.100,000,000.00 (one hundred million rupiah).
7. Bank Indonesia shall announce FASBIS transaction offering applications received directly to direct participants through BI-SSSS facility and/or other facilities.

IV. SETTLEMENT OF TRANSACTION AND FASBIS

1. Bank Indonesia shall conduct the Settlement of Fund of FASBIS transaction upon the expiry of FASBIS transaction time by debiting the relevant Bank's Clearing Account in the nominal value of FASBIS transaction received as intended in point III.7.
2. In the event that the Fund Settlement is successfully conducted as intended in point 1, the Bank can see the position of FASBIS in BI-SSSS terminal.

3. In the event that the balance of the Bank's Clearing Account is insufficient to cover all the obligations of Fund Settlement which must be settled up to the *cut-off warning* time of BI-RTGS system, the relevant Bank's FASBIS transaction shall be declared null.
4. Bank Indonesia shall settle a FASBIS transaction when due in the nominal value by crediting the relevant Bank's Clearing Account.
5. In the event that Bank Indonesia gives FASBIS compensation as intended in point II.4 then Bank Indonesia shall settle the FASBIS transaction when the FASBIS transaction falls due in the nominal value plus FASBIS compensation by crediting the relevant Bank's Clearing Account.

V. PROCEDURES FOR THE IMPOSITION OF SANCTIONS

1. In the event that the FASBIS transaction as intended in point IV.3 is declared null, the Bank shall be imposed with the following forms of sanctions:
 - a. written warning with carbon copies to:
 - 1) Sharia Banking Directorate, in the event of sanctions imposed on a Bank having its head office within the working region of Bank Indonesia Head Office (KPBI); or
 - 2) Local Bank Indonesia Office (KBI) *cq.* Bank Supervisory Team, in the event of sanctions imposed on a Bank having its head office within the working region of KBI, and
 - b. Obligation to pay 1⁰/₀₀ (one per mil) of the nominal value of FASBIS transaction declared null or a maximum amount of Rp.1,000,000,000.00 (one billion Rupiah);
2. In the event that a FASBIS transaction is declared null for the third time within a period of 6 (six) months, in addition to the sanction as

intended in point 1, the Bank shall be imposed with a sanction of temporary suspension to participate in OMS activities for 5 (five) business days consecutively.

3. The written warning as intended in point 1.a and the notification of sanction of temporary suspension to participate in OMS activities as intended in point 2 shall be given 1 (one) business day after transaction cancellation.
4. The sanction of payment obligation as intended in point 1.b shall be imposed by debiting the relevant Bank's Clearing Account 1 (one) business day upon the cancelation of FASBIS transaction.

VI. CLOSING

The provisions of this Circular Letter shall be effective on April 1, 2009.

For public cognizance, it is hereby ordered for this Circular Letter to be announced by publishing it in the Official Gazette of the Republic of Indonesia.

Please be informed accordingly.

BANK INDONESIA

EDDY SULAEMAN YUSUF

DIRECTOR FOR MONETARY MANAGEMENT

DPM